September 5, 2017

Mr. Gerard Poliquin
National Credit Union Administration
Secretary of the Board
1775 Duke St.
Alexandria, VA 22314

RE: Comments on Temporary Corporate Credit Union Stabilization Fund (TCCUSF) Closure and Setting the Normal Operating Level of the Share Insurance Fund

Dear Mr. Gerard Poliquin:

I am writing on behalf of United Teletech Financial Federal Credit Union, a community credit union with $330 million in assets serving over 24,000 families in central New Jersey. We appreciate the opportunity to provide comments to the National Credit Union Administration (NCUA) on its notice regarding Closure of the Temporary Corporate Credit Union Stabilization Fund (TCCUSF) and setting the Share Insurance Fund (SIF) normal operating level (NOL).

Our credit union paid over $3.5 million in member earnings and capital into the stabilization fund. These monies would have normally gone to support the membership in the form of higher dividends, lower loan rates or service subsidies. Sacrifices were made to be able to fund the needs of the stabilization fund. We would like as much of the $3.5 million back as is feasible.

We are concerned that the proposal to close the TCCUSF as proposed and set a new higher NOL for the SIF will not maximize the return of our members' capital to the credit union. Combining these two proposals confuses two separate and distinct issues: the return of credit union assets to them and the economic factors necessary to support an unprecedented increase in the NOL of the SIF. Why are these matters being combined at this time? Why are they not being considered separately each on their own merits?

Certainly we want our members' money back as soon as is practicable. We do not, however, desire a process that rushes the process of getting a return of these in exchange for minimizing that return. Accepting a smaller amount of an owed sum today when a larger amount would be paid later does not seem to make good sense. In the proposals, it would seem that our members would get less out of the scenario than would the SIF. Again, that makes no sense.

We wonder if there are other interpretations of the statutes governing the TCCUSF that if fully explored might result in a different approach to payments to credit unions directly from the fund, or in closing it, such that our return would be maximized. To this end, we would prefer that credit unions be paid directly from the TCCUSF and that it not be merged with the SIF.

We do question the forecasts the NCUA is using to justify an increase to the NOL. One wonders why an increase is necessary at this time. Has the 1.30% level not adequate to support moderate recessions in the past? If adequate then, why would it not be adequate for future moderate scenarios?

Based on our calculations, the proposed increase of the NOL to 1.39% from the prior maximum of 1.30% would halve the return of our members' capital to them; a net decrease of $250,000. It is hard to justify that sort of economic diminishment. Their sacrifices in 2008-08 warrant the return of as much of their money as possible and not to provide for a hoarding of the funds in the SIF for some future and unpredictable event.

We believe the current 1.30% NOL should be adequate to cover expected losses in a moderate recession. If that level winds up not being adequate, the Insurer should make additional assessments at that time, independent of any consideration of member assets that may remain in the TCCUSF.

If, after considering the various comments and positions, the NCUA Board feels that they must close the TCCUSF now, we would prefer a Last In, First Out (LIFO) approach to calculating returns to credit unions. We respectfully insist that the closure of TCCUSF be considered as a separate issue from the health of the SIF and any adjustment to the NOL. Further that the NOL remain at the 1.30% level.

Lastly, we would ask for clarity around claims on TCCUSF assessments for merged credit unions. We believe that the continuing credit union should have the same rights to those funds for members of the merged credit union as if the credit union had continued to exist.

Thank you for the opportunity to comment and for considering our views regarding closure of the TCCUSF and setting the Share Insurance Fund's normal operating level.

Sincerely,

UNITED TELETECH FINANCIAL
FEDERAL CREDIT UNION

Leo R. Ardine
President/CEO

Copy to: R. A. Kluin, UTFFCU Board Chair
D. Frankl, New Jersey Credit Union League